

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Strom-Martin Analyst: Christy Keith Bill Number: AB 1254

Related Bills: See Prior Analysis Telephone: 845-6080 Amended Date: APTBA

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Salmon & Steelhead Trout Habitat Restoration Credit/Increase Amount & Extend Repeal Date

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

X AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

X DEPARTMENT POSITION CHANGED TO no position.

X REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED August 23, 1999 STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would increase the salmon and steelhead trout habitat credit from 10% to 25% for taxpayers other than industrial timber operators. The annual amount of aggregate credit allocation would increase from the current amount of \$500,000 to \$1 million. The maximum credit that may be allocated to any one taxpayer would increase from the current limitation of \$50,000 to \$100,000. The sunset date would be extended four years to taxable or income years beginning before January 1, 2004.

SUMMARY OF AMENDMENT

The proposed amendments would reduce the annual amount of aggregate credit allocation from \$5 million, as previously provided in the bill, to \$1 million. The proposed amendments also would reduce the maximum credit that may be allocated to any one taxpayer from \$500,000, as previously provided in the bill, to \$100,000.

Except for the items discussed in this analysis, the department's analysis of the bill as amended August 23, 1999, still applies.

EFFECTIVE DATE

As a tax levy, this bill would become effective immediately, and would apply to taxable and income years beginning on or after January 1, 2000.

Board Position:

<u> </u> S	<u> </u> NA	<u> X </u> NP
<u> </u> SA	<u> </u> O	<u> </u> NAR
<u> </u> N	<u> </u> OUA	<u> </u> PENDING

Legislative Director

Date

Johnnie Lou Rosas

8/2/00

Tax Revenue Estimate

This bill would provide that up to an additional \$500,000 credits could be allocated each year, resulting in the following revenue losses:

Estimated Revenue Impact of AB 1254 As Proposed to be Amended [\$ In Millions]		
2000-01	2001-02	2002-03
negligible loss	minor loss	minor loss

Negligible loss is less than \$250,000; minor loss is less than \$500,000.

Revenue Estimate Discussion

The amount of qualified costs paid or incurred for salmon and steelhead trout habitat restoration and improvement projects, the additional amount of credits allocated, and the amount of credits that could be applied to reduce tax liabilities would determine the revenue impact of this bill.

Based on credit allocation data from the Department of Fish and Game, credits on the order of \$100,000 have been allocated in each of the four years (1996-1999) that the credit has been available to taxpayers, leaving \$400,000 of the current allowed credit amount unallocated. Under this bill, additional credits potentially could be allocated in total and/or per taxpayer. The history of the credit suggests that any additional credits allocated would be rather limited.

BOARD POSITION

No position.

At its meeting on February 8, 2000, the Franchise Tax Board agreed to take no position on this bill.